

Message Text

CONFIDENTIAL

PAGE 01 KHARTO 03201 171325Z
ACTION OES-09

INFO OCT-01 AF-10 NEA-10 ISO-00 SOE-02 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 DOE-15 H-01 INR-10
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 ICA-11
SP-02 SS-15 STR-07 TRSE-00 ACDA-12 PA-01 /139 W
-----057483 172350Z /21

R 171127Z JUL 78
FM AMEMBASSY KHARTOUM
TO SECSTATE WASHDC 7854
INFO AMEMBASSY ABU DHABI
USINT BAGHDAD
AMEMBASSY CAIRO
AMEMBASSY JIDDA
AMEMBASSY KUWAIT

C O N F I D E N T I A L KHARTOUM 3201

E.O.11652: GDS
TAGS: ENRG SU
SUBJECT: SUDANESE CRUDE OIL IMPORTS: A NEW SUPPLIER

REF: A. KHARTOUM 169, B. KHARTOUM 3008, C. KHARTOUM 3086

1. BEGIN SUMMARY: ON 30 AUGUST SUDAN WILL TERMINATE
FIVE-YEAR CRUDE OIL AGREEMENT WITH IRAQ AND BEGIN
RECEIVING ALL CRUDE SUPPLIES FROM SAUDI ARABIA.
COMBINED WITH PROSPECTS OF FAVORABLE FINANCING OF
PRODUCT PURCHASES FROM KUWAIT, SUDAN WILL NOW RELY ON
SAUDIS AND KUWAITIS FOR ALL PETROLEUM NEEDS. HEAD OF
PETROLEUM GENERAL ADM (PGA) DEPARTS KHARTOUM NEXT WEEK
FOR RIYADH TO FINALIZE DETAILS OF SAUDI COMMITMENT.
END SUMMARY.

2. DIRECTOR OF PGA, IN CONVERSATION WITH ECONOFF
15 JULY, OFFERED FURTHER DETAILS ON SAUDI PLEDGE OF
2 MILLION TONS OF CRUDE. ACCORDING TO SOURCE, SUDAN MADE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KHARTO 03201 171325Z

PITCH FOR 2-YEAR SUPPLY OF CRUDE, ARGUING THAT SUPPORT
OVER THIS PERIOD WOULD BE CRITICAL TO DUSANGOV'S EFFORT
TO MANAGE BOP SITUATION. FINANCE MINISTRY, WHICH
HANDLED INITIAL CONTACTS, PRESENTED SUDANESE REQUIREMENT
AS ONE MILLION TONS PER YEAR AND ON THIS BASIS SAUDIS
OFFERED TWO MILLION FOR TWO-YEAR PERIOD. SINCE PORT
SUDAN REFINERY CAPACITY IS 1.3 MILLIONS TONS AND COUNTRY

CAN READILY CONSUME THIS AMOUNT, SAUDI PLEDGE OF 2 MILLION WILL ONLY COVER 18 MONTHS. PGA DIRECTOR WILL ASK FOR AN ADDITIONAL .6 MILLIONS TONS WHILE IN RIYADH.

3. ASSURED SUPPLIES FROM SAUDI ARABIA WILL ENABLE SUDAN TO CONCEL AGREEMENT WITH IRAQ, WHICH WAS TO CONTINUE FOR ANOTHER YEAR. SUDANESE HAVE NEVER BEEN HAPPY WITH TERMS OFFERED BY IRAQIS AND EXPRESS NO REMORSE WHATSOEVER AT THE DISSOLUTION OF THIS ARRANGEMENT. IRAQI SUPPLIES WILL CONTINUE THROUGH 30 AUGUST. REPAYMENT OF SIZEABLE IRAQI CREDITS OVER PAST 4 YEARS APPARENTLY WILL NOT RECEIVE SPECIAL PRIORITY.

4. PGA IS FURTHER HEARTENED BY DECISION OF ISLAMIC BANK TO CONSIDER FINANCING 50 PERCENT OF SUDANESE PRODUCT IMPORTS FROM KUWAIT. WHILE STRESSING THAT NO COMMITMENT HAS BEEN MADE, SOURCE BELIEVES THAT ISLAMIC BANK WILL TAKE FAVORABLE ACTION. BANK OF SUDAN WOULD PROBABLY FINANCE REMAINDER, ASSURING COVERAGE FOR ENTIRE 40 MILLION DOLLAR PRODUCT IMPORT BILL.

5. VISIT TO RIYADH NEXT WEEK WILL SERVE TWO PURPOSES. FIRST, REMAINING DETAILS, INCLUDING TRANSPORT ISSUE RAISED REF C, WILL BE NEGOTIATED. SUDANGOV TAKES MOST RELAXED VIEW OF FINANCIAL DETAILS, CONFIDENT THAT THE "LOAN" WILL NOT HAVE TO REPAID. SECOND
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KHARTO 03201 171325Z

PURPOSE, IN ADDITION TO REQUESTING ADDITIONAL 6-MONTH SUPPLY OF CRUDE, WILL BE TO EXPLORE PROSPECTS FOR EXTENSION OF COMMITMENT TO COVER SUDANESE NEEDS OVER LONGER PERIOD. INTIALLY, SUDANESE MERELY HOPE TO INCLUDE CLAUSE WHICH WOULD PROVIDE FOR EXTENSION OF AGREEMENT AT THE END OF TWO YEARS, SUBJECT TO RENEGOTIATION AT THAT TIME. SUDANGOV WILL INTERPRET SAUDI ACCEPTANCE OF THIS PROPOSAL AS TACIT COMMITMENT TO LONGER TERM ASSISTANCE.

6. COMMENT. COMMENT. CRITICAL SUPPLY SITUATION OF A FEW MONTHS AGO, WHEN PORT SUDAN REFINERY WAS CLOSED FOR LACK OF CRUDE AND SUDANGOV WAS BARTERING VALUABLE COTTON FOR EGYPTIAN CRUDE, SHOULD IMPROVE NOW. SAUDI COMMITMENT, ASIDE FROM EASING BOP SITUATION, WILL IMPROVE LOCAL PRODUCT SUPPLIES SINCE SAUDI CRUDE WILL PRODUCE HIGHER PERCENTAGE OF MIDDLE DISTILLATES, WHICH ARE MOST HEAVILY DEMANDED HERE.

7. ATTENTION MUST NOW FOCUS ON TRANSPORT BOTTLENECK, WHICH CONTINUES TO HAMPR DELIVERIES TO KHARTOUM AND OUTLYING AREAS. WITH LIMITED STORAGE CAPACITY

IN PORT SUDAN, GOVERNMENT WILL BE UNABLE TO PROCESS
ITS NEW-FOUND SUPPLIES IF REFINED PRODUCT CANNOT BE
EXPEDITIOUSLY MOVED OUT OF PORT SUDAN.
BERGUS

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, IMPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 17 jul 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978KHARTO03201
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780293-0716
Format: TEL
From: KHARTOUM
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780753/aaaabspb.tel
Line Count: 120
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: bdf17f72-c288-dd11-92da-001cc4696bcc
Office: ACTION OES
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 KHARTOUM 169, 78 KHARTOUM 3008, 78 KHARTOUM 3086
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 29 apr 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1988834
Secure: OPEN
Status: NATIVE
Subject: SUDANESE CRUDE OIL IMPORTS: A NEW SUPPLIER
TAGS: ENRG, SU
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/bdf17f72-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014